

Rate hike possible to fix power issues

By Brice Wallace

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Rocky Mountain Power faces several obstacles, with growing customer demand and power outages chief among them, and ratepayers will be asked to pony up to address them.

Richard Walje, Rocky Mountain Power's president, told a group Tuesday that while the company had the second-lowest average rates among Utah power companies in 2006, a rate filing with the Public Service Commission likely will be under way by year-end.

"Unfortunately, it's inevitable that our prices are going to have to allow us to respond to all the changes in our business model, rural development, etc., so sometime toward the end of this year we'll start working on putting together a rate case," Walje said during the company's Customer and Community Conference.

Walje said he was unsure exactly when the company would file for an increase or what its magnitude would be. The company is precluded from filing before Dec. 11, which means the earliest a rate change would be implemented would be August 2008.

The money would be used in part to address customer growth. The company added more than 30,000 meters in Utah last year, and the 25-year projection calls for service-area population to swell from 4 million to 6 million. While population is a driver in Utah, the energy-extraction industries in Wyoming are expressing a huge need for more power, as well.

The Wasatch Front particularly needs power generation to handle peak power use periods, even though it is needed only a few days each year. But the company realizes it cannot expect to add base-load generation facilities in the Salt Lake Valley.

"So most of our generation is going to come from elsewhere," he said, adding that facilities could be placed elsewhere in Utah or in Wyoming. "In order to get the energy from those locations into the state of Utah, we need to really start thinking about transmission up-grades."

Conservation and energy efficiency programs "would help a lot," though he characterized Utah's efficiency program as "strong."

Other main thrusts for the company are improving customer satisfaction and power distribution reliability and handling an aging work force, he said.

Walje admitted that customer satisfaction was something the company could have "a real pride about and a little dismay about." Industrial and commercial customer satisfaction has improved from the company being an "also-ran" to tops in the U.S. three years in a row. But he said residential and small-business customer satisfaction has deteriorated over the past couple of years.

Outages are the prime culprit. "We are dedicated to turning that around and giving you the reliability you deserve," he said.

Rocky Mountain Power is addressing its work force situation with

apprentice programs, use of engineering interns, recruitment of new engineers and development of existing employees.

"The good news is we've got a lot of expertise and talent. The bad news is I don't plan on working here forever," he said. "I'm not going to try to speak for the rest of my colleagues when I say that, but we have to have a plan in place to respond to that. ... We're very cognizant of the fact we need to do something about our work force, which is getting 'very vintage,' you might say."

Walje also expressed a desire to have better communications with customers, regulators and others to deal with issues facing the company. "We think that in the end, the most successful outcome for all of us is if we can do some things in a more participative fashion," he said.

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